

VILLAGE OF COLLINSTON, LOUISIANA

FINANCIAL REPORT
(Reviewed)

AND

REPORT ON APPLYING AGREED-UPON PROCEDURES

December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/24/10

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HILL, INZINA & COMPANY

ACCOUNTANT'S REVIEW REPORT

Mayor and Members of the Board of Aldermen
Village of Collinston, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Village of Collinston, Louisiana (the "Village"), as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Village.

A review consists principally of inquiries of the Village's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated February 3, 2010 on the results of our agreed-upon procedures.

/s/Hill, Inzina & Co.

February 3, 2010

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

VILLAGE OF COLLINSTON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

As management of Village of Collinston, Louisiana (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended December 31, 2009. This discussion and analysis of management is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the supplementary information that are provided in addition to this discussion and analysis of management.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements and accompanying notes, the Village also includes in subsequent sections of this report additional information to supplement the basic financial statements.

1. Government-wide financial statements

Government-wide financial statements are designed by Governmental Accounting Standards Board (GASB) Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net assets and statement of activities, seeking to give the users of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies, with the elimination of internal activities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening. Evaluation of the overall economic health of the Village would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Village's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the citizenry of the Village.

The government-wide financial statements report governmental activities of the Village that are principally supported by tax revenues. Governmental activities include general government, public safety (police), public works (streets), sanitation, and public improvement services.

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village as a whole with major funds being separately reported.

The Village has two fund types:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

The proprietary fund is reported in the fund financial statements and generally reports services for which the Village charges customers a fee. The fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village. Proprietary fund financial statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. A reconciliation from both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances to the government-wide statements is provided to assist in understanding the differences between these two perspectives.

3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net assets (in thousands of dollars) of the Village as of December 31:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 9	\$ 10	\$ 91	\$ 82	\$ 100	\$ 92
Capital assets	<u>46</u>	<u>53</u>	<u>1,024</u>	<u>1,092</u>	<u>1,070</u>	<u>1,145</u>
Total assets	<u>\$ 55</u>	<u>\$ 63</u>	<u>\$ 1,115</u>	<u>\$ 1,174</u>	<u>\$ 1,170</u>	<u>\$ 1,237</u>
Long-term liabilities	\$ -	\$ -	\$ 408	\$ 418	\$ 408	\$ 418
Other liabilities	<u>30</u>	<u>27</u>	<u>25</u>	<u>20</u>	<u>55</u>	<u>47</u>
Total liabilities	<u>\$ 30</u>	<u>\$ 27</u>	<u>\$ 433</u>	<u>\$ 438</u>	<u>\$ 463</u>	<u>\$ 465</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 46	\$ 53	\$ 616	\$ 674	\$ 662	\$ 727
Restricted	-	-	55	55	55	55
Unrestricted	<u>(21)</u>	<u>(17)</u>	<u>11</u>	<u>7</u>	<u>(10)</u>	<u>(10)</u>
Total net assets	<u>\$ 25</u>	<u>\$ 36</u>	<u>\$ 682</u>	<u>\$ 736</u>	<u>\$ 707</u>	<u>\$ 772</u>

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The Village will use the unrestricted net assets to meet the ongoing obligations to users of its services and creditors.

By far, the largest portion of the Village's net assets as of December 31, 2009 (94%) reflects the Village's investment in capital assets (infrastructure, buildings, improvements, machinery, equipment, and land) less any related debt used to acquire these assets that remains outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the Village's net assets represents resources that are subject to external restrictions as to how they may be used. The remaining balance (deficit) of unrestricted net assets may be used to meet the Village's ongoing obligations to citizens and creditors.

As of December 31, 2009, the Village was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities except for a deficit in unrestricted assets of the governmental-activities.

The following summarizes the Village's net asset changes (in thousands of dollars) between the two years ended December 31:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 20	\$ 27	\$ 134	\$ 111	\$ 154	\$ 138
Operating grants and contributions	16	25	3	-	19	25
Capital grants and contributions	-	9	-	-	-	9
General revenues:						
Ad valorem taxes	7	6	-	-	7	6
Franchise taxes	4	7	-	-	4	7
Sales taxes	21	17	-	-	21	17
Intergovernmental	-	1	-	-	-	1
Interest and miscellaneous	6	4	1	1	7	5
Total revenues	<u>\$ 74</u>	<u>\$ 96</u>	<u>\$ 138</u>	<u>\$ 112</u>	<u>\$ 212</u>	<u>\$ 208</u>
Expenses:						
General government	\$ 49	\$ 73	\$ -	\$ -	\$ 49	\$ 73
Public safety	15	30	-	-	15	30
Public works	13	-	-	-	13	-
Depreciation	7	8	-	-	7	8
Water and sewer	-	-	193	189	193	189
Total expenses	<u>\$ 84</u>	<u>\$ 111</u>	<u>\$ 193</u>	<u>\$ 189</u>	<u>\$ 277</u>	<u>\$ 300</u>
Excess (deficiency) before transfers	<u>\$ (10)</u>	<u>\$ (15)</u>	<u>\$ (55)</u>	<u>\$ (77)</u>	<u>\$ (65)</u>	<u>\$ (92)</u>
Transfers	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u><u>\$ (11)</u></u>	<u><u>\$ (16)</u></u>	<u><u>\$ (54)</u></u>	<u><u>\$ (76)</u></u>	<u><u>\$ (65)</u></u>	<u><u>\$ (92)</u></u>

The Village's total revenues remained relatively the same while the total cost of all programs and services decreased by \$23,000. The Village's expenses cover a range of services with approximately 70% of the total related to the provision of water and sewer services.

General revenues are those available for the Village to pay for the governmental activities. For the year ended December 31, 2009, sales taxes were by far the largest general revenue source for the Village.

Property taxes are also a general revenue source for the Village. For the year ended December 31, 2009, taxes of 7.8 mills were levied on property within the Village's limits. The Village's taxable assessed valuation decreased by \$35,080 from the prior year while ad valorem taxes levied only decreased by \$274.

Program revenues derive directly from the program itself or from parties outside the Village's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the Village's general revenues.

Business-Type Activities

The business-type activities of the Village are the water and sewer services that the Village charges fees to customers to help cover all or most of the costs of providing the services. Operating revenues for the year ended December 31, 2009 of \$134,555 increased by \$23,852 from \$110,703 of the previous year. Operating expenses of \$172,053 for the year ended December 31, 2009 increased from the previous year's total of \$168,349 by \$3,704.

Financial Analysis of Governmental Funds

As of December 31, 2009, the General Fund reported an ending deficit fund balance of \$20,843, an increase in the deficit of \$3,776 from December 31, 2008.

Budgetary Highlights

The Village made one amendment to its General Fund budget for the year ended December 31, 2009. Actual revenues and other financing sources of the General Fund of \$60,770 failed to meet budgeted revenues and other financing sources of \$67,905 by \$7,135 or 10.5% while actual expenditures and other financing uses did not exceed budgeted expenditures and other financing uses.

Capital Assets and Debt Administration

The Village's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2009 was \$1,069,583 compared to \$1,145,504 as of December 31, 2008. This investment in capital assets includes infrastructure, buildings, improvements, machinery, equipment, and land. There were no acquisitions or dispositions of capital assets during the year ended December 31, 2009.

As of December 31, 2009, the Village had total bonded debt outstanding of \$408,068. The debt is payable by liens on and pledges of the Village's water and sewer revenues. The Village's total debt decreased \$9,601 during the year ended December 31, 2009 with all debt obligations being timely met.

Economic Factors and Next Year's Budget

As the Village foresees a nominal increase in operations for the next fiscal year, a budget for the General Fund of \$72,700 for revenues and expenditures was adopted.

Request for Information

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in such. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clerk, P.O. Box 148, Collinston, Louisiana 71229-0148.

BASIC FINANCIAL STATEMENTS

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF NET ASSETS

December 31, 2009

ASSETS	Governmental Activities	Business-Type Activities	Totals
Cash	\$ 6,265	\$ 7,756	\$ 14,021
Certificate of deposit	5,000	-	5,000
Receivables:			
Taxes	4,186	-	4,186
Accounts	-	11,083	11,083
Internal balances	(6,688)	6,688	-
Restricted assets:			
Cash	-	66,110	66,110
Capital assets:			
Land	3,650	5,500	9,150
Other capital assets, net of depreciation	<u>42,176</u>	<u>1,018,257</u>	<u>1,060,433</u>
Total assets	<u>\$ 54,589</u>	<u>\$ 1,115,394</u>	<u>\$ 1,169,983</u>
LIABILITIES			
Accounts payable	\$ 10,407	\$ 5,227	\$ 15,634
Accrued expenses	12,122	8,874	20,996
Deferred revenue	7,077	-	7,077
Payable from restricted assets:			
Customers' deposits	-	10,664	10,664
Long-term liabilities:			
Due within one year	-	10,762	10,762
Due within more than one year	-	397,306	397,306
Total liabilities	<u>\$ 29,606</u>	<u>\$ 432,833</u>	<u>\$ 462,439</u>

(continued)

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF NET ASSETS (Continued)

December 31, 2009

NET ASSETS	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Totals</u>
Invested in capital assets, net of related debt	\$ 45,826	\$ 615,689	\$ 661,515
Restricted	-	55,446	55,446
Unrestricted	(20,843)	11,426	(9,417)
Total net assets	<u>\$ 24,983</u>	<u>\$ 682,561</u>	<u>\$ 707,544</u>
Total liabilities and net assets	<u>\$ 54,589</u>	<u>\$ 1,115,394</u>	<u>\$ 1,169,983</u>

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF ACTIVITIES
As of and for the Year Ended December 31, 2009

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Functions/Programs:			
Governmental activities:			
General government	\$ 48,760	\$ 18,692	\$ 2,805
Public safety	15,120	894	-
Public works	13,650	-	13,650
Depreciation	<u>7,512</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ 85,042	\$ 19,586	\$ 16,455
Business-type activities:			
Water and sewer	<u>192,293</u>	<u>134,555</u>	<u>2,912</u>
Total government	<u>\$ 277,335</u>	<u>\$ 154,141</u>	<u>\$ 19,367</u>
General revenues:			
Taxes:			
Ad valorem			
Franchise			
Sales			
Intergovernmental			
Unrestricted investment earnings			
Miscellaneous			
Transfers in (out)			
Total general revenues and transfers			
Changes in net assets			
Net assets - beginning			
Net assets - ending			

See accountant's review report and notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
\$ (27,263)		\$ (27,263)
(14,226)		(14,226)
-		-
<u>(7,512)</u>		<u>(7,512)</u>
\$ <u>(49,001)</u>		\$ (49,001)
	\$ <u>(54,826)</u>	<u>(54,826)</u>
		\$ <u>(103,827)</u>
 \$ 7,306	 \$ -	 \$ 7,306
4,271	-	4,271
21,222	-	21,222
50	-	50
116	224	340
5,414	339	5,753
<u>(666)</u>	<u>666</u>	<u>-</u>
\$ <u>37,713</u>	\$ <u>1,229</u>	\$ <u>38,942</u>
 \$ (11,288)	 \$ (53,597)	 \$ (64,885)
<u>36,271</u>	<u>736,158</u>	<u>772,429</u>
\$ <u>24,983</u>	\$ <u>682,561</u>	\$ <u>707,544</u>

VILLAGE OF COLLINSTON, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND

December 31, 2009

ASSETS

Cash	\$	6,265
Certificate of deposit		5,000
Taxes receivable		<u>4,186</u>
Total assets	\$	<u>15,451</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$	10,407
Accrued expenses		12,122
Due to other funds		6,688
Deferred revenue		<u>7,077</u>
Total liabilities	\$	36,294
Fund balance - unreserved and undesignated (deficit)		<u>(20,843)</u>
Total liabilities and fund balance	\$	<u>15,451</u>

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

As of and for the Year Ended December 31, 2009

	General Fund	Capital Projects Fund	Totals
Revenues:			
Taxes	\$ 32,799	\$ -	\$ 32,799
Licenses and permits	13,192	-	13,192
Intergovernmental	2,855	13,650	16,505
Fines and forfeitures	894	-	894
Charges for services	5,500	-	5,500
Interest and miscellaneous	5,530	-	5,530
	<u>\$ 60,770</u>	<u>\$ 13,650</u>	<u>\$ 74,420</u>
Expenditures:			
Current:			
General government	\$ 48,760	\$ -	\$ 48,760
Public safety	15,120	-	15,120
Public works	-	13,650	13,650
	<u>\$ 63,880</u>	<u>\$ 13,650</u>	<u>\$ 77,530</u>
Excess (deficiency) of revenues over expenditures	\$(3,110)	\$ -	\$(3,110)
Operating transfers in (out)	<u>(666)</u>	<u>-</u>	<u>(666)</u>
Net change in fund balances	\$(3,776)	\$ -	\$(3,776)
Fund balances (deficit) - beginning	<u>(17,067)</u>	<u>-</u>	<u>(17,067)</u>
Fund balances (deficit) - ending	<u><u>\$(20,843)</u></u>	<u><u>\$ -</u></u>	<u><u>\$(20,843)</u></u>

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS
December 31, 2009

Total fund balance (deficit) - governmental fund balance sheet	\$(20,843)
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Amounts reported for governmental activities in statement of net
assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>45,826</u>
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Total net assets of governmental activities - government-wide statement of net assets	<u>\$ 24,983</u>
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See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

December 31, 2009

Net change in fund balance - governmental fund \$(3,776)

Amounts reported for governmental activities in statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the costs of those assets are allocated
over their estimated useful lives as depreciation expense. This is the
amount by which depreciation (\$7,512) exceeded capital outlay
(\$0) in the current period.

(7,512)

Change in net assets of governmental activities - government-wide
statement of activities

\$(11,288)

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF NET ASSETS - PROPRIETARY FUND - WATER AND SEWER FUND

December 31, 2009

ASSETS

Current assets:	
Cash	\$ 7,756
Accounts	11,083
Due from other funds	6,838
Noncurrent assets:	
Restricted cash	66,110
Capital assets:	
Land	5,500
Other capital assets, net of depreciation	<u>1,018,257</u>
Total assets	<u>\$ 1,115,544</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 5,227
Accrued expenses	8,874
Due to other funds	150
Payable from restricted cash:	
Customers' deposits	10,664
Revenue bonds and note payable - current	10,762
Long-term liabilities:	
Revenue bonds and note payable - net of current portion	<u>397,306</u>
Total liabilities	<u>\$ 432,983</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 615,689
Restricted	55,446
Unrestricted	<u>11,426</u>
Total net assets	<u>\$ 682,561</u>
Total liabilities and net assets	<u>\$ 1,115,544</u>

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUND - WATER AND SEWER FUND
As of and for the Year Ended December 31, 2009

Operating revenues:	
Water and sewer fees	\$ <u>134,555</u>
Expenses:	
Contract labor	\$ 3,561
Depreciation	68,409
Dues and subscriptions	2,272
Insurance	7,258
Legal and accounting	4,282
Office and postage	3,283
Repairs and maintenance	6,849
Salaries and payroll taxes	60,664
Supplies	7,469
Telephone	668
Utilities	<u>7,338</u>
	\$ <u>172,053</u>
Operating income (loss)	\$ (37,498)
Nonoperating revenues (expenses):	
Intergovernmental grants	2,912
Operating transfer in	666
Interest and miscellaneous revenues	563
Interest expense	<u>(20,240)</u>
Change in net assets	\$ (53,597)
Net assets - beginning	<u>736,158</u>
Net assets - ending	<u><u>\$ 682,561</u></u>

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND - WATER AND SEWER FUND
 As of and for the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 134,555
Payments to suppliers	(42,980)
Payments to employees	(55,760)
Other	(465)
Net cash flows provided by operating activities	<u>\$ 35,350</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest revenue	<u>\$ 563</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Intergovernmental grants	\$ 2,912
Operating transfers in	<u>666</u>
Net cash flows provided by noncapital financing activities	<u>\$ 3,578</u>

CASH FLOWS FROM CAPITAL AND RELATED
 FINANCING ACTIVITIES

Repayment of revenue bonds and note payable	\$(9,601)
Interest paid on revenue bonds and note payable	<u>(20,240)</u>
Net cash flows provided (used) by capital and related financing activities	<u>\$(29,841)</u>

Net increase in cash	\$ 9,650
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CASH - beginning	<u>64,216</u>
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CASH - ending	<u><u>\$ 73,866</u></u>
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(continued)

VILLAGE OF COLLINSTON, LOUISIANA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - WATER AND SEWER FUND (Continued)
As of and for the Year Ended December 31, 2009

Reconciliation of operating income (loss) to net cash flows
provided by operating activities:

Operating income (loss)	\$(37,498)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	68,409
(Increase) decrease in accounts receivable	(278)
Increase (decrease) in accounts payable	1,576
Increase (decrease) in accrued expenses	497
Increase (decrease) in liabilities payable from restricted assets	<u>2,644</u>
Net cash flows provided by operating activities	<u>\$ 35,350</u>

See accountant's review report and notes to financial statements.

VILLAGE OF COLLINSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2009

Note 1. Organization and Summary of Significant Accounting Policies

Village of Collinston, Louisiana, (the "Village") operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in northeast Louisiana, its population is approximately 375, and it employs three full-time people. As of December 31, 2009, the Village services approximately 220 utility customers and maintains approximately three miles of streets.

The Village provides general government, public safety (police), public works (streets), sanitation, and public improvement services.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

NOTES TO FINANCIAL STATEMENTS

Based on the criteria, the Village has determined that Sewer District No. 1 of Village of Collinston, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present the primary government (the Village) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered in the determination of component units of the reporting entity were Eighth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana. It was determined that this governmental entity is not a component unit of the Village's reporting entity.

The more significant of the Village's accounting policies are described below:

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the Village as a whole. The statements distinguish governmental activities, generally supported by taxes and other general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (a) charges for services which report licenses, fees, fines, forfeitures, and other charges to users of the Village's services; (b) operating grants and contributions which finance annual operating activities; and (c) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included among program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported in separate columns.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village's reporting entity applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassifications or eliminations of internal activity (between or within funds). However, internal eliminations do not include services provided to Village departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual are ad valorem taxes, gross receipts taxes, sales taxes, intergovernmental revenues, and water and sewer fees. In general, other revenues are recognized when cash is received.

NOTES TO FINANCIAL STATEMENTS

Operating income reported in the proprietary fund financial statement includes revenues and expenses related to primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expense and depreciation of capital assets. Other revenues are classified as nonoperating in the financial statements.

Fund Types and Major Funds:

The Village reports the following major governmental fund:

General Fund - the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

The Village reports the following major proprietary fund:

Water and Sewer Fund - accounts for operations where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Budgets and Budgetary Accounting:

The Board of Aldermen adopted an annual budget for the General Fund on December 9, 2008. The annual budget was prepared in accordance with the basis of accounting utilized by the funds. The Village Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. An amendment was made to the General Fund's budget on December 8, 2009 and the budgetary comparison schedule, included as supplementary information in the accompanying financial statements, includes the original and amended budgeted amounts. All annual appropriations lapse at fiscal year end.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Cash and Certificate of Deposit:

Cash includes amounts in interest-bearing demand and time deposits. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

State law allows the Village to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The certificate of deposit held by the Village is reported at cost, which approximates market value.

Receivables:

Significant receivables include ad valorem taxes and amounts due from customers for utility services. Un-billed utility service receivable resulting from utility services rendered from the last date prior to the end of the fiscal year that meters were read to the end of the fiscal year are not included in the amounts recorded as due from utility customers.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. Village management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Restricted Assets/Liabilities:

Meter deposits collected from utility customers are restricted to payment of amounts owed to the Village and/or refunded to the customer upon the customer no longer utilizing the system.

Other cash amounts are restricted per bond ordinances or loan agreements for payments related to long-term obligations.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needed.

NOTES TO FINANCIAL STATEMENTS

Capital Assets and Depreciation:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets and water and sewer system), with useful lives of more than one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All other infrastructure assets (e.g., bridges, drainage systems, and similar items) are considered fully depreciated by the Village and are not included in the government-wide financial statements. Capital assets are recorded at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Streets	20 years
Buildings and building improvements	20 - 25 years
Machinery and equipment	5 - 10 years
Water and sewer system	10 - 25 years

Deferred Revenue:

The Village reports deferred revenue which arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and revenue is recognized.

Compensated Absences:

Allowable annual vacation and sick leave is prescribed by municipal ordinance and based on length of continuous employment by the Village. Compensatory time is also granted to supervisory personnel in lieu of overtime pay and should be used by the end of the fiscal year. Payment for unused compensatory time requires approval of the mayor and Board of Aldermen.

NOTES TO FINANCIAL STATEMENTS

The Village's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated and the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

No liability existed as of December 31, 2009 for accrued compensated absences resulting from unused vacation time at the end of the year and no liability was recorded for non-vesting accumulating rights to receive sick pay benefits.

Compensated absences are paid from the fund responsible for the employee's compensation.

Long-Term Obligations:

In the government-wide financial statements and proprietary fund financial statements, long-term debt is reported as a liability.

NOTES TO FINANCIAL STATEMENTS

Equity Classifications:

In the government-wide and proprietary fund financial statements, equity is classified as net assets and classified further into three components:

1. Invested in capital assets - consists of capital assets net of accumulated depreciation.
2. Restricted - consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - consists of all other assets.

In the fund financial statements, governmental fund balances are classified as reserved or unreserved with unreserved further classified as undesignated as amounts are available for appropriation and not legally restricted for specified purpose. Fund balance is reserved if amounts are not available for appropriation or are legally restricted for specified purposes.

Revenue Recognition - Ad Valorem and Sales/Use Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November, and are due and payable on or before December 31 of the same year or the unpaid taxes become delinquent. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. The Village's ad valorem tax revenues are recognized as deferred revenue when levied.

Sales/use taxes collected and held by other governments at year end on behalf of the Village and those collected by other governments and remitted to the Village within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Sales and Use Tax Commission and remitted to the Village.

NOTES TO FINANCIAL STATEMENTS

Note 2. Revenues and Expenditures - Budget and Actual

The General Fund's actual revenues and other financing sources of \$60,770 did not meet budgeted revenues and other financing sources of \$67,905 for the year ended December 31, 2009 by \$7,135 or 10.5%.

Note 3. Deficit Fund Balance

As of December 31, 2009, the Village's governmental fund reported an ending deficit fund balance of \$20,843, an increase in the deficit of \$3,776 from December 31, 2008.

As of the date of this report, management of the Village has made no specific plans to alleviate or decrease the deficit.

Note 4. Cash and Certificate of Deposit

The following is a summary of deposits of the Village as of December 31, 2009:

Non-interest bearing demand deposits	\$ 31,919
Interest bearing demand deposits	48,212
Certificate of deposit	<u>5,000</u>
	<u>\$ 85,131</u>

Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held jointly in the name of the pledging fiscal agent bank and the Village in a holding or custodial bank that is mutually acceptable to both parties.

As of December 31, 2009, the Village had \$85,195 in deposits (collected bank balances). These deposits were secured from risk by federal deposit insurance.

There were no repurchase or reverse repurchase agreements as of December 31, 2009.

The Village had not formally adopted deposit and investment policies as of December 31, 2009 that limit the Village's allowable deposits or investments and address the specific types of risk to which the Village is exposed.

NOTES TO FINANCIAL STATEMENTS

Note 5. Receivables

The following is a summary of receivables as of December 31, 2009:

	General <u>Fund</u>	Water and Sewer <u>Fund</u>	<u>Totals</u>
Taxes:			
Ad valorem	\$ 2,659	\$ -	\$ 2,659
Sales	597	-	597
Franchise	930	-	930
Accounts	<u>-</u>	<u>11,083</u>	<u>11,083</u>
	<u>\$ 4,186</u>	<u>\$ 11,083</u>	<u>\$ 15,269</u>

Note 6. Ad Valorem and Sales Taxes

For the year ended December 31, 2009, ad valorem taxes of 7.8 mills were levied on property with assessed valuations totaling \$907,274 for general corporate purposes. Northeast Louisiana Telephone Co., Inc. is the principal ad valorem taxpayer for the Village. Total ad valorem taxes levied were \$7,077. As of December 31, 2009, ad valorem taxes receivable was \$2,659.

For the year ended December 31, 2009, sales and use taxes of 2% were levied for any and all lawful municipal purposes. These taxes expired on December 31, 2009.

Note 7. Interfund Receivables and Payables

As of December 31, 2009, the General Fund owed the Water and Sewer Proprietary Fund \$6,688. Repayment is expected as funds become available.

Note 8. Restricted Assets and Liabilities Payable from Same

Restricted cash of \$10,842 of the business-type activities consists of meter deposits collected from utility customers. A liability of \$10,664 has been recorded for the payment of amounts owed by the Village and/or refunded to the customer upon the customer no longer utilizing the system.

The remaining restricted cash of \$55,268 recorded in the business-type activities consists of resources retained for the payment of principal, interest, and related costs of long-term debt obligations. The capital-related debt was included in the calculation of the net assets component invested in capital assets.

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2009 for the Village is as follows:

	Balance January <u>1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance December <u>31, 2009</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 3,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,650</u>
Capital assets being depreciated:				
Streets	\$ 29,451	\$ -	\$ -	\$ 29,451
Buildings	82,712	-	-	82,712
Building improvements	30,097	-	-	30,097
Machinery and equipment	<u>89,950</u>	<u>-</u>	<u>-</u>	<u>89,950</u>
Total capital assets being depreciated	<u>\$ 232,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,210</u>
Less accumulated depreciation for:				
Streets	\$ 27,368	\$ 1,473	\$ -	\$ 28,841
Buildings	82,712	-	-	82,712
Building improvements	16,935	1,017	-	17,952
Machinery and equipment	<u>55,507</u>	<u>5,022</u>	<u>-</u>	<u>60,529</u>
Total accumulated depreciation	<u>\$ 182,522</u>	<u>\$ 7,512</u>	<u>\$ -</u>	<u>\$ 190,034</u>
Total capital assets being depreciated, net	<u>\$ 49,688</u>	<u>\$ (7,512)</u>	<u>\$ -</u>	<u>\$ 42,176</u>

NOTES TO FINANCIAL STATEMENTS

Business-type activities:

Capital assets not being depreciated:

Land	\$ <u>5,500</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,500</u>
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Capital assets being depreciated:

Water and sewer systems	\$ 2,052,532	\$ -	\$ -	\$ 2,052,532
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Machinery and equipment	<u>63,415</u>	<u>-</u>	<u>-</u>	<u>63,415</u>
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Total capital assets being depreciated	<u>\$ 2,115,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,115,947</u>
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Less accumulated depreciation for:

Water and sewer systems	\$ 1,012,609	\$ 61,045	\$ -	\$ 1,073,654
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Machinery and equipment	<u>16,672</u>	<u>7,364</u>	<u>-</u>	<u>24,036</u>
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Total accumulated depreciation	<u>\$ 1,029,281</u>	<u>\$ 68,409</u>	<u>\$ -</u>	<u>\$ 1,097,690</u>
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Total business-type assets being depreciated, net	<u>\$ 1,086,666</u>	<u>\$ (68,409)</u>	<u>\$ -</u>	<u>\$ 1,018,257</u>
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Depreciation expense of the governmental activities of \$7,512 is reported separately in the statement of activities in that the expense essentially serves all functions.

Note 10. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2009:

Long-term debt payable - January 1, 2009	\$ 417,669
Retirements	<u>(9,601)</u>

Long-term debt payable - December 31, 2009	<u>\$ 408,068</u>
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NOTES TO FINANCIAL STATEMENTS

The outstanding bonds are comprised of the following individual issues:

\$110,000 Water and Sewer Revenue Bonds - dated August 20, 1976, due in annual installments ranging from \$1,000 to \$6,000, bear interest at 5%, payable August 20 of each year.

\$411,000 Water Revenue Bonds, Series 2000 - dated September 27, 2000, due in monthly payments of \$1,866 beginning October 27, 2001, bear interest at 4.5%.

The annual requirements to amortize the revenue bonds outstanding as of December 31, 2009 are as follows:

<u>Year Ending December 31,</u>	<u>\$110,000 Bonds</u>		<u>\$411,000 Bonds</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 5,000	\$ 1,850	\$ 5,762	\$ 16,629	\$ 29,241
2011	5,000	1,600	6,027	16,364	28,991
2012	5,000	1,350	6,303	16,088	28,741
2013	5,000	1,100	6,593	15,798	28,491
2014	5,000	850	6,896	15,495	28,241
2015 - 2019	11,850	900	39,532	72,423	124,705
2020 - 2024	-	-	49,486	62,469	111,955
2025 - 2029	-	-	61,946	50,009	111,955
2030 - 2034	-	-	77,544	34,411	111,955
2035 - 2039	-	-	97,070	14,885	111,955
2040	-	-	14,059	260	14,319
	<u>\$ 36,850</u>	<u>\$ 7,650</u>	<u>\$ 371,218</u>	<u>\$ 314,831</u>	<u>\$ 730,549</u>

The revenue bonds will be liquidated by liens on and pledges of the Village's water and sewer revenues. The Water and Sewer Proprietary Fund of the Village incurred \$20,240 of interest costs during the year ended December 31, 2009.

Note 11. Restricted Net Assets (Statement of Net Assets - Proprietary Fund)

The excess assets available for payment of customers' meter deposits and liabilities associated with long-term debt obligations has been reserved.

NOTES TO FINANCIAL STATEMENTS

Note 12. Contingencies and Risk Management

The Village occasionally participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Village management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

VILLAGE OF COLLINSTON, LOUISIANA

BUDGETARY COMPARISON SCHEDULE -
GOVERNMENTAL FUND - GENERAL FUND
As of and for the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 39,000	\$ 30,800	\$ 32,799	\$ 1,999
Licenses and permits	4,500	13,300	13,192	(108)
Intergovernmental	46,150	2,905	2,855	(50)
Fines and forfeitures	3,000	700	894	194
Charges for services	6,000	6,000	5,500	(500)
Interest and miscellaneous	<u>12,150</u>	<u>5,200</u>	<u>5,530</u>	<u>330</u>
	<u>\$ 110,800</u>	<u>\$ 58,905</u>	<u>\$ 60,770</u>	<u>\$ 1,865</u>
Expenditures:				
Current:				
General government	\$ 93,900	\$ 62,955	\$ 48,760	\$ 14,195
Public safety	<u>16,900</u>	<u>4,950</u>	<u>15,120</u>	<u>(10,170)</u>
	<u>\$ 110,800</u>	<u>\$ 67,905</u>	<u>\$ 63,880</u>	<u>\$ 4,025</u>
Excess (deficiency) of revenue over expenditures	\$ -	\$(9,000)	\$(3,110)	\$ 5,890
Operating transfers in (out)	<u>-</u>	<u>9,000</u>	<u>(666)</u>	<u>(9,666)</u>
Net change in fund balances	\$ -	\$ -	\$(3,776)	\$(3,776)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(17,067)</u>	<u>(17,067)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$(20,843)</u>	<u>\$(20,843)</u>

See accountant's review report.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF COLLINSTON, LOUISIANA

SCHEDULE OF COMPENSATION PAID MAYOR AND ALDERMEN

As of and for the Year Ended December 31, 2009

The schedule of compensation paid to the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund.

<u>Name and Title</u>	<u>Compensation</u>
Wayne Gilbreath, Mayor	\$ 1,500
Terri Foster	1,200
Frank Miller	1,200
Betty Jones	<u>1,200</u>
 Total compensation	 <u>\$ 5,100</u>

See accountant's review report.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mayor and Members of the Board of Aldermen
Village of Collinston, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Village of Collinston, Louisiana (the "Village") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended December 31, 2009, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Governmental Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our applied procedures, together with any findings, follow:

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).
 - Our review of expenditure totals and the detail general ledgers revealed no individual expenditure exceeding \$20,000 for materials and supplies nor any individual expenditure for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101- 1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

3. Obtain from management a listing of all employees paid during the period under examination.
4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.
 - Management provided the required information. The employees included on the employee list provided by management in agreed-upon procedure (3) did not appear on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.
6. Trace the budget adoption and amendments to the minute book.
7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.
 - Management provided a copy of the General Fund's original budget. We traced the adoption of the original budget to the minutes of a meeting held on December 9, 2008, which indicated that the budget was adopted by the Board of Aldermen by a unanimous vote. Amendments were made to the budget by the Board on December 8, 2009.
 - We compared the revenues and expenditures of the General Fund's final budget to actual revenues and expenditures. Actual revenues and other financing sources of \$60,770 for the year failed to meet budgeted amounts of \$67,905 by \$7,135 or 10.5% while actual expenditures and other financing uses did not exceed budgeted amounts.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and (a) trace payments to supporting documentation as to proper amount and payee; (b) determine if payments were properly coded to the correct fund and general ledger account; and (c) determine whether payments received approval from proper authorities.
 - We examined supporting documentation for each of the six selected disbursements and found that the payments were for the proper amounts and made to the correct payees; were properly coded to the correct fund and general ledger accounts; and received approval from the Board of Aldermen.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).
 - The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's meeting location. We examined a posted document of the date and time of the next meeting. The clerk prepares an agenda for each meeting but it is only provided to the Mayor at the actual meeting and not posted. Such agendas are not retained.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.
 - We scanned bank deposits and the detail general ledgers for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.
 - A review of the minutes for the Village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the use of management of the Village and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s/Hill, Inzina & Co.

February 3, 2010

LOUISIANA ATTESTATION QUESTIONNAIRE

January 12, 2010 Date

Hill, Inzina & Co.
Certified Public Accountants
701 East Madison Avenue
Bastrop, LA 71220

In connection with your review of our financial statements as of December 31, 2009 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 1/12/10 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited, reviewed, or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Wagne G. L. G. G. G. Mayor 1/12/10 Date
John S. S. S. Clerk 1/12/10 Date

VILLAGE OF COLLINSTON, LOUISIANA

SCHEDULE OF FINDINGS WITH MANAGEMENT'S RESPONSE
AND PLANNED CORRECTIVE ACTION

As of and for the Year Ended December 31, 2009

2009-1 Noncompliance with Local Government Budget Act

Criteria: The Local Government Budget Act requires that the chief executive officer or equivalent notify in writing the governing authority during the year when actual revenues and other financing sources plus projected revenues and other financing sources for the year fail to meet budgeted revenues and other financing sources by 5% or more.

Condition: The General Fund's actual revenues and other financing sources of \$60,770 failed to meet budgeted revenues and other financing sources \$67,905 for the year ended December 31, 2009 by \$7,135 or 10.5%.

Cause: The budget was not monitored and written notification made by the chief executive or administrative official to the governing authority that budget amendments were necessary.

Effect: The Village is in violation of the Local Government Budget Act.

Recommendation: The chief executive officer or the equivalent should notify the governing authority in writing during the year when actual revenues and other financing sources plus projected revenues and other financing sources to year end fail to meet budgeted amounts by 5% or more. The governing authority should amend the budget when notified.

Management's response and planned corrective action: All Form 941 payroll tax deposits are drafted in total from the General Fund and recorded as payroll tax expense. Checks written from the Enterprise Fund as reimbursement for its portion of the draft are deposited into the General Fund and are now coded to reduce the General Fund's payroll tax expense versus operating transfers or other financing sources.

2009-2 Funding Requirements of Loan Resolutions

Criteria:	The loan agreements with United States Department of Agriculture require that certain amounts be set aside in specific bank accounts each year to be used only for repairing or improving the water and sewer systems or to make loan repayments.
Condition:	As of December 31, 2009, the overall required funding requirements of the loan made by USDA for the water system were underfunded by approximately \$3,600 plus \$1,866 was used with USDA's permission in the previous year that USDA expects the Village to repay to the specific fund.
Cause:	Inadequate transfers were made to the specific accounts required by the resolution for the water loan during the year ended December 31, 2009 and previous years.
Effect:	The Village is in violation with the requirements of the loan resolution.
Recommendation:	The Village should timely make the required monthly deposits and fund the deficit.
Management's response and planned corrective action:	The Village will make the monthly deposits required by USDA to equal the amount that is required for each bank account. The Village will also repay the \$1,866 that was expended with the permission of the USDA.

2009-3 Lack of or Not Implementing Internal Control Policies and Procedures

Criteria:	Management is responsible for establishing and implementing internal control policies and procedures that provide for proper accounting, reasonable assurance that assets are safeguarded against loss resulting from unauthorized use, and that transactions are executed in accordance with management's authorization.
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The Village's payroll procedures adopted on January 9, 2007 provide that time and attendance cards will be completed by each employee at the beginning and end of each day. Pay will not be made if the time card is not completed. Time and attendance records will be maintained and filed at the end of the fiscal year. Compensatory time must be documented and should be used by the end of the fiscal year. Payment for compensatory time requires the approval of the mayor and council.

Condition: Management of the Village asserted that physical inventories of property and equipment are periodically taken but such records were not made available.

Instances were noted of bills (i.e. unemployment taxes) being paid from the wrong fund.

Revenues from occupational licenses have steadily declined by approximately \$5,000 annually over the last two years with no viable reasoning provided by the management of the Village. Revenues generated from fines and forfeitures have basically dwindled to zero over the past three years.

Late charges were noted as being paid on the fuel statements. The Village is being charged \$5 for weekly statements that are not always retained and have little purpose as only one employee is purchasing fuel the majority of the time.

Bank account and accounts receivable balances are not reconciled on a monthly basis to the Village's trial balances. A detailed accounts receivable trial balance of utility bills owed as of December 31, 2009 was not available.

Review of the detailed monthly billing for the billing periods ended January 14, 2009 and August 13, 2009 for the cell phone authorized by the Village for use by the part-time chief of police revealed that approximately 26% of the total calls placed during the two periods were to the cell phone utilized by the chief in his other full-time employment with the local sheriff. 48% of the reviewed calls were made to phone numbers acknowledged by the chief to be that of his children, mother-in-law, sister, home, wife's employer, etc. By the unusual amount of calls being placed from the Village phone to the chief's other cell phone and the relationship of the other personal parties being called, it appears that someone other than the chief or an employee of the Village was in possession of and using the phone at times during 2009.

After the detailed review of the stated cell phone bills for the chief of police's service, a less detailed review was made of the utility superintendent's cell phone records. Upon inquiry, the superintendent also acknowledged that numerous and frequent calls were made to his wife, home, nephew, and mother.

In September 2009, the Village acquired two new cell phones - one for the chief and one for the utility superintendent. As of the date of this report, the chief has never taken his phone from city hall which also is a contributing factor to the question raised in the following paragraph.

The council approved at their regular July 2008 meeting to pay the chief of police 20 hours (\$250) per week. The chief also became a full-time employee of the local sheriff during July 2008. From review of fuel invoices and the odometer reading on the patrol car, it appears that approximately only 400 miles were put on the car from September 2008 to February 2010. Fuel purchases for the patrol car of only \$93 were incurred during the year ended December 31, 2009. No time or attendance records were maintained by the chief as evidence that he otherwise worked the 20 hours per week.

Payroll is recorded by the Village in the accounting records at net versus gross. Substantial amounts of penalties and interest have been and are continuing to be assessed on the Village for non-payment and late payment of payroll related liabilities from previous years. Currently the Village is paying \$30 per month on prior year payroll related liabilities totaling approximately \$20,000.

Time cards and compensatory time records are not being maintained. Leave time records were completed after the fact. One employee claimed three days for funeral leave but the Village has no policy allowing leave time for funerals.

Supplemental payments were reported by Louisiana Department of Public Safety & Corrections as being paid on behalf of the Village's part-time police chief during the year ended December 31, 2009 while the part-time chief was also employed by the local sheriff's department and receiving supplemental pay there also as an employee.

Cause: The mayor and council have not insisted on adherence by the employees to policies and procedures both written and standing.

All supporting financial records are not being generated and/or retained.

Financial statements are apparently not timely reviewed and questioned as to the changes or lack of changes in dollar amounts in accounts (i.e. interest earnings not recorded, decline in revenues). Operations as a whole are not monitored to assure that the Village is being as cost efficient as possible and that services acquired are actually being rendered.

Effect: The Village continues to be susceptible to the assessment of penalties and interest as long as payroll related liabilities are outstanding.

Without records being retained of physical inventories, assets are susceptible to being lost.

The lack of establishing and implementing internal control policies and procedures may result in improper accounting, assets not safeguarded against loss, and transactions not executed in accordance with management's authorization.

Recommendation: Assets held by the Village should be periodically reconciled to the accounting records.

Care should be taken that expenditures are paid from the correct fund and when other than one fund is appropriate for payment, approval should be sought of the council as to which fund to utilize.

Financial statements and day-to-day operations should be continually monitored providing for the most efficient and economic management of the Village. For example, the fuel vendor should be contacted and requested not to send the weekly fuel usage reports thereby eliminating the associated \$5 report fee charged.

**Management's
response and
planned cor-
rective action:**

A complete inventory of the Village's property and equipment will be taken periodically and made available upon request.

Employment taxes will be paid out of the correct accounts.

The Village will work to discover the reasoning for the decline in occupational licenses.

The Village contacted Fuelman to have statements sent by email to eliminate the \$5 statement charge. Weekly and monthly statements have been retained.

Bank account and accounts receivable balances will be reconciled to the Village's trial balances monthly.

The Village will review all detailed monthly billings of cell phone usage and make sure the cell phones are utilized by employees only.

The chief's cell phone has been kept at the city hall at the mayor's request and can be used at the chief's discretion.

The chief of police was approved to work 20 hours per week for \$250. Even though no attendance records were maintained, mileage and fuel usage cannot be used as evidence that the chief has not worked. The chief parked the patrol unit at areas throughout the Village without the vehicle running to save fuel; therefore, no mileage of great accumulation would be noted.

The Village will continue to pay monthly installments for payroll related liabilities that occurred from 2005 to 2008 totaling approximately \$20,000.

Time cards and compensatory time records will be maintained and the personnel policy will be reviewed to consider allowing personal days for employees to attend specified funerals.

Payments have been made to Louisiana Department of Public Safety as repayment of supplemental pay.

VILLAGE OF COLLINSTON, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

As of and for the Year Ended December 31, 2009

- 2008-1 Noncompliance with Local Government Budget Act
- The Local Government Budget Act requires that the chief executive officer or equivalent notify in writing the governing authority during the year when actual revenues and other financing sources plus projected revenues and other financing sources for the year fail to meet budgeted revenues and other financing sources by 5% or more.
- Unresolved - 2009-1.
- 2008-2 Funding Requirements of Loan Resolutions
- The loan agreements with United States Department of Agriculture require that certain amounts be set aside in specific bank accounts each year to be used only for repairing or improving the water and sewer systems or to make loan repayments.
- Unresolved - 2009-2.
- 2008-3 Lack of or Not Implementing Internal Control Policies and Procedures
- Management is responsible for establishing and implementing internal control policies and procedures that provide for proper accounting, reasonable assurance that assets are safeguarded against loss resulting from unauthorized use, and that transactions are executed in accordance with management's authorization.
- Unresolved - 2009-3.

Section II - Management Letter

None issued.